

0150-06789-0006

TRANSMITTAL

TO
The Council

DATE
NOV 07 2012

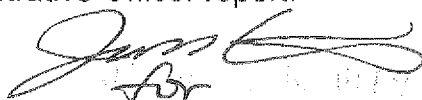
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
4

**Amendment No. 4 to Agreement No. 245 between the
Department of Recreation and Parks and
Nederlander-Greek, Inc. relative to the Greek Theatre**

Transmitted for your consideration. The Council has 60 days from the date of receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See the attached City Administrative Officer report.



MAYOR

MAS:DP:08130058t

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 10-31-12	C.D. No. 4	CAO File No.: 0150-06789-0006
Contracting Department/Bureau: Department of Recreation and Parks		Contact: Carol Jacobsen (213) 202-3280	
Reference: Letter to the Mayor from the Board of Recreation and Park Commissioners dated July 20, 2012; referred by the Mayor on July 23, 2012			
Purpose of Contract: Operation of the Greek Theatre concessions			
Type of Contract: () New contract (X) Amendment		Contract Term Dates: Eleven years from November 1, 2001 through October 31, 2015 (three year extension)	
Contract/Amendment Amount:			
Proposed amount \$0 + Prior award(s) \$0 = Total \$0			
Source of funds: Not applicable			
Name of Contractor: Nederlander-Greek, Inc.			
Address: 2700 Vermont Avenue, Los Angeles, CA 90027			
	Yes	No	N/A*
1. Council has approved the purpose	X		
2. Appropriated funds are available			X
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 67%			
8. Contractor has complied with:		Yes	No
a. Equal Employment. Oppty./Affirm. Action		X	
b. Good Faith Effort Outreach**		X	
c. Equal Benefits Ordinance		X	
d. Contractor Responsibility Ordinance		X	
e. Slavery Disclosure Ordinance		X	
f. Bidder Certification CEC Form 50		X	
*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

At its meeting of July 19, 2012, the Board of Recreation and Park Commissioners (Board) approved the fourth amendment to the concession agreement (Agreement No. 245) with Nederlander-Greek, Inc. (NGI) for the operation, maintenance and improvement of the Greek Theatre Concession (Concession). The proposed amendment extends the term by three years from 11 years to 14 years, terminating on October 31, 2015.

The City, through the Board and the Department of Recreation and Parks (Department), owns the Greek Theatre located at 2700 Vermont Avenue within Griffith Park in Council District 4. NGI has been operating the Concession since May 21, 2002. The existing agreement is set to expire on October 31, 2012.

On April 30, 2002, the Council approved Agreement No. 245 with NGI, for a ten-year term expiring on October 31, 2011 (C.F. 99-1424-S2). On November 4, 2003 and September 29, 2006, the Council approved Amendment No. 1 and Amendment No. 2 to Agreement No. 245 respectively. Both amendments modified provisions relative to the capital improvements. On July 5, 2011, Council approved Amendment No. 3 with NGI for a one-year extension through October 31, 2012 to allow the

		
DP Analyst 08130058	Assistant CAO	City Administrative Officer

Department to develop and issue a Request for Proposal (RFP) for a long-term agreement with the best proposer (C.F. 11-0843).

Subsequent to the transmittal of this report, the Department reports that an RFP for the operation of the Concession has not been developed or issued. The Department further reports that management has decided to hire an experienced and qualified consultant with expertise in the music concert industry to assist with the development of a new RFP.

At its meeting of February 16, 2011, the Board approved and authorized the Department to issue a RFP for a consultant to conduct a "Best Business Practice Study" for the Greek Theatre Concession. On April 11, 2011, the Department released the RFP to hire a consultant for the Concession. The following objectives are detailed in the RFP:

- Research, review and analyze the most viable options of operating an outdoor amphitheater in the current and foreseeable economic climate;
- Provide an overview of the current music industry in relation to concert tours in the United States, with an emphasis on venues of a comparable size in the greater Southern California area;
- Provide a review and analysis of the outlook for anticipated growth and potential of the music concert industry;
- Meet with and provide input to the Department from stakeholders, including Department Management, Concessions Unit Staff, Greek Theatre Advisory Committee members, and members of nearby community action groups, such as the Los Feliz Improvement Association;
- Prepare a sample RFP for the operation and maintenance of the Concession that can be used as a model by the Department in preparation of a final RFP, to include, but not limited to, qualifications and experience, revenue sharing percentage/amounts and capital improvements; and,
- Assist in the administration of the final RFP to identify, evaluate and make recommendations of award for any potential proposal.

The Department reports that the selection of a consultant is in the final stage. The Department is requesting a fourth amendment with NGI to allow sufficient time for a consultant to ensure that the best and most competitive proposals are received for a new concession agreement. Due to the current economic downturn and the increased competition from surrounding venues, the guaranteed annual minimum rental payment will remain unchanged. NGI will guarantee an annual minimum rental revenue of \$1.2 million.

The Board found that, in accordance with Charter Section 1022, the Department does not have personnel available in its employment with sufficient time and expertise to undertake these specialized professional tasks in a timely manner, and it is more feasible to secure the services by contract. However, due to the extended duration (14-year term) of Agreement No. 245, this Office recommends that the Department complete an RFP process to operate the Concession and select a qualified concessionaire prior to the expiration of the proposed fourth amendment.

In accordance with Charter Section 371(e)(10) and the Los Angeles Administrative Code Section 10.15(a)(10), the Board found that the use of competitive bidding would be undesirable, impractical or otherwise excused by common law and the City Charter due to the current economic environment

and that, in order to provide continuous service to the public and avoid a potential Department revenue shortfall, a competitive bidding process is not practicable or advantageous at this time.

In accordance with Los Angeles Administrative Code Section 10.5(b)2, Council approval of the proposed amendment is required because the term exceeds three years and, according to the City Attorney, the original agreement and prior amendments were approved by Council. To the best of our knowledge, NGI has complied with all standard provisions for City contracts, as well as City contracting requirements.

RECOMMENDATION

That the City Council approve, and authorize the President and the Secretary of the Board of Recreation and Park Commissioners to execute, the fourth amendment to Concession Agreement No. 245 with Nederlander-Greek, Inc. for the operation, maintenance, and improvement of the Greek Theatre, subject to the review and approval of the City Attorney.

FISCAL IMPACT STATEMENT

Ninety percent of the revenues from the concession agreement will be deposited into the Department of Recreation and Parks Operating Fund. The remaining ten percent will be deposited into the Department of Recreation and Parks Fund, Concession Improvement Account. There is no impact on the General Fund. The recommendation above is in compliance with the City Financial Policies in that ongoing revenues will be used to support on-going expenditures.

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 N. FIGUEROA STREET
SUITE 1510
LOS ANGELES, CA 90012

(213) 202-2640
FAX: (213) 202-2610
RAP.Commissioners@LACity.org

UL 23 PM 2:36
ADMINISTRATIVE OFFICER

JON KIRK MUKRI
GENERAL MANAGER

July 20, 2012

Hon. Antonio R. Villaraigosa, Mayor
City of Los Angeles
Room 303, City Hall

Attention: Ms. Mandy Morales

Dear Mayor Villaraigosa:

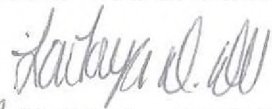
In accordance with Executive Directive No. 3, there are attached herewith three copies of a proposed Amendment No. 4 to Concession Contract No. 245 with Nederlander-Greek, Inc., for the Greek Theatre Concession to extend the term of the contract by three years.

Also attached for the assistance of your Office in reviewing this proposed agreement is Report No. 12-227, adopted by the Board of Recreation and Park Commissioners at its meeting of July 19, 2012. After review and recommendation by you, the proposed Amendment will be submitted to the Board for final action.

If you have any questions with regard to the proposed Amendment, please contact Carol Jacobsen at (213) 202-3280.

Very truly yours,

BOARD OF RECREATION AND
PARK COMMISSIONERS


07 MARY E. ALVAREZ
Commission Executive
Assistant

Attachments

cc: Carol Jacobson



**FOURTH AMENDMENT TO
CONCESSION AGREEMENT NO. 245
FOR THE OPERATION AND MAINTENANCE OF THE
GREEK THEATRE CONCESSION**

THIS FOURTH AMENDMENT TO CONCESSION AGREEMENT NO. 245 is made and entered into this _____ day of _____, 20____, by and between the City of Los Angeles, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners (hereinafter "CITY"), and NEDERLANDER-GREEK, INC. (hereinafter "CONCESSIONAIRE").

WITNESSETH

WHEREAS, CITY has chosen to serve the public by providing entertainment at the Greek Theatre in Griffith Park through a concession operator; and

WHEREAS, the CITY previously selected CONCESSIONAIRE to operate the Greek Theatre (hereinafter "CONCESSION") in accordance with the terms and conditions of a 10-year Concession Agreement No. 245 (hereinafter "AGREEMENT"); and

WHEREAS, the AGREEMENT was executed on May 21, 2002, and encompassed all rights and duties of the parties; and

WHEREAS, on April 11, 2005, the CITY approved Amendment No. 1 to the AGREEMENT amending the terms and conditions imposed in Sections 10, 13 and 16 of the AGREEMENT; and

WHEREAS, on January 3, 2007, the CITY approved Amendment No. 2 to the AGREEMENT amending Section 10 of the AGREEMENT to change the date on which CONCESSIONAIRE is to complete the waterproofing of the seating deck to April 15, 2006, and

WHEREAS, on September 7, 2011, the CITY approved a Third Amendment to the AGREEMENT amending Section 5 of the AGREEMENT extending the term of the one additional year, terminating on October 31, 2012, and

WHEREAS, the CITY is in the process of selecting a consultant to assist in the development and administration of a Request for Proposals to find an operator for the CONCESSION for the next Concession Agreement; and

WHEREAS, the CITY's Request for Proposals process to select an operator for the CONCESSION, in conjunction with the current Request for Proposals to select a consultant, could take up to three years to complete; and

WHEREAS, it is in CITY's best interest to continue services with the CONCESSIONAIRE, who has demonstrated its capability to perform these services, and CONCESSIONAIRE is willing to continue providing those services; and

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to Concession Agreement No. 245 to be executed by their duly authorized representatives.

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners.

BY: _____
President

DATE: _____

BY: _____
Secretary

DATE: _____

NEDERLANDER-GREEK, INC.

BY: _____
President

DATE: _____

BY: _____
Secretary

DATE: _____

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney

BY: _____
Arletta Maria Brimsey
Deputy City Attorney

DATE: _____

REPORT OF GENERAL MANAGER

APPROVED

NO. 11-057

DATE February 16, 2011

FEB 18 2011

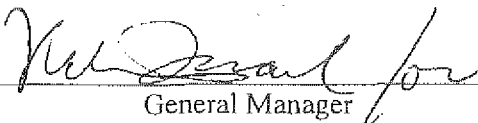
C.D. 4

BOARD OF RECREATION
and PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK – GREEK THEATRE CONCESSION – REQUEST FOR PROPOSALS FOR CONSULTANT TO CONDUCT A BEST BUSINESS PRACTICE STUDY

R. Adams _____
H. Fujita _____
S. Huntley _____
V. Israel _____

*F. Mok NOW
K. Regan _____
M. Shull _____


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve the "Consultant to Conduct a Best Business Practice Study for the Greek Theatre Concession" Request for Proposals (RFP) for a one-year Agreement, substantially in the form on file in the Board Office, subject to review and approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the RFP to the City Attorney for review and approval as to form; and,
3. Direct staff, subsequent to City Attorney review and approval as to form, to advertise the RFP and conduct the RFP process for the Consultant.

SUMMARY:

The Greek Theatre is located at 2700 North Vermont Avenue in Griffith Park and has provided entertainment and cultural events to the public since it was officially dedicated in 1929.

The Greek Theatre Concession (Concession) has been operated by Nederlander-Greek, Inc. (Concessionaire) under Concession Agreement Number 245 (Agreement) since May 21, 2002. The Agreement is due to expire on October 31, 2011.

REPORT OF GENERAL MANAGER

PG. 2

NO. 11-057

In 2009, the Greek Theatre generated \$16,498,713.00 in gross receipts, paid \$1,214,442.48 in rent to the Department, and has consistently been the Department's highest revenue-producing non-golf concession.

Because of the current economic environment, the downturn in the music concert industry (including a decline in audiences), and increased competition in the surrounding areas of Los Angeles and Orange Counties, gross revenues at the Concession have declined.

To ensure that the Department receives the best and most competitive proposals for a new Concession Agreement for the operation and maintenance of the Concession, the Department seeks to hire an experienced and qualified consultant with expertise in the music concert industry to assist in developing a new RFP for the Concession, including, but not limited to, the following tasks:

1. Assess the current condition of the music concert industry, specifically as it relates to the Concession;
2. Submit a report detailing the best business practices for the Department regarding the Concession based on research and analysis into the current music concert industry;
3. Survey stakeholders, including the surrounding community of the Greek Theatre, the Greek Theatre Advisory Committee, and Department staff, for input into a new RFP and Concession Agreement for the operation and maintenance of the Concession;
4. Recommend terms and conditions for a new Concession Agreement;
5. Identify potential proposers the Department should include in its solicitation for proposals;
6. Draft a sample RFP upon which the Department can model its own RFP for the Concession;
7. Assist the Department by providing a marketing plan and administering the RFP;
8. Provide an RFP evaluation panel consisting of five to seven members with expertise in the music concert industry; and
9. Assist the Department in recommending award of a new Agreement to the Board.

REPORT OF GENERAL MANAGER

PG. 3

NO. 11-057

The Department believes that input from an experienced and qualified consultant with expertise in the music concert industry would greatly enhance the Department's ability to attract the best and most competitive proposals for the operation and maintenance of the Concession.

The proposed contract with the selected consultant will be for a term of one year in order to provide the Department sufficient time to develop and release an RFP for the Greek Theatre Concession, receive and evaluate proposals, recommend award, and execute a new Concession Agreement with the selected proposer.

In order to avoid a potential conflict of interest, the RFP informs all potential proposers that the selected consultant will be barred from submitting a proposal for the operation and maintenance of the Greek Theatre Concession.

Evaluation Process

Proposals will be evaluated in two Levels. Level I will be a check and review by staff for required compliance and submittal documents; Level II will be a comprehensive evaluation of the proposals by a panel that may include City and non-City employees. Proposers must successfully pass Level I to proceed to Level II.

RFP Evaluation Criteria Areas

For the purposes of evaluation, the responsive proposals to Level I will be evaluated on the criteria below (Level II):

- 1) Background and Experience (30 points)
- 2) Proposed Business Plan to Accomplish Scope of Work Requested (40 points)
- 3) Proposed Cost of Services (30 points)

The RFP documents will be advertised in several periodicals; available on the Department's website; and posted on the Los Angeles Business Assistance Virtual Network (BAVN). A conference will be held approximately one month after the release of the RFP in order to provide potential proposers with a review of the submittal documents and compliance documents.

FISCAL IMPACT STATEMENT:

There is no impact to the General Fund as funding for this contract is provided in the Concession Improvement Account (Fund 302, Department 89, Account 070K).

Report prepared by Désirée Guzzetta, Management Analyst II, Concessions Unit, Finance Division.

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks
2. Contacts:
 Department: Robert Morales Phone No. (213) 202-4384 Fax No. (213) 202-3213
 CAO: Veronica Salumbides Phone No. 213 473-7561 Fax No. 213 473-7514

3. Work to be performed:

The Department of Recreation and Parks seeks to contract services of a consultant who specializes in market studies of concert venues. The Consultant will provide the current market trends in the concert concession industry. The consultant will also develop and administer a Request for Proposals for a new concession agreement at the Greek Theatre.

4. Is this a contract renewal? Yes ☐ No ☒

5. Proposed length of contract: One year.

Start Date: August 2011

6. Proposed cost of contract (if known): Not known.

7. Name of proposed contractor: Not known.

8. Unique or special qualifications required to perform the work:

The contractor must have expertise in analyzing trends in the concession business that caters to the concert or entertainment industry.

9. Are there City employees that can perform the work being proposed for contracting?
 Yes ☒ (*some of the work*) No ☐

If yes,

<i>Classification</i>	<i>Departments</i>	<i>List Expires</i>
Management Analyst	Various	Reserve list
Senior Management Analyst	Various	Reserve list

If yes,

- a. Which class (es) and Department(s): See above.
- b. Is there sufficient Department staff available to perform the work? Yes ☐ No ☒
- c. Is there a current eligible list for the class(es)? Yes ☐ No ☐ Expiration Date: see above.
- d. Estimated time to fill position(s) through CSC process? Unknown due to hiring freeze.
- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes ☐ No ☒
- f. Are there City employees currently performing some of the work? Yes ☒ No ☐

10. Findings

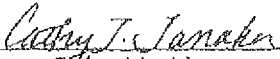
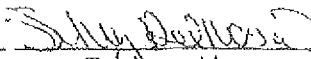

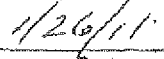
- ☐ City employees DO NOT have the expertise to perform the work
☒ City employees DO have the expertise to perform some of the work

Check if applicable (explanation attached) and send to CAO for further analysis

- ☒ Project of limited duration would have to layoff staff at end of project
☐ Time constraints require immediate staffing of project
☐ Work assignment exceeds staffing availability

SUMMARY:

The Department of Recreation and Parks seeks services of a consultant to provide market and business analyses of operating an outdoor amphitheatre. The consultant will also develop a Request for Proposals for concessions at the Greek Theatre in Griffith Park. Although there are classes such as Senior Management Analyst and Management Analyst in the City that could perform some of the duties, the project is for a limited duration. There is not a civil service classification whose core duties are to study the entertainment, leisure, and recreational trends for profit making opportunities.

			
Submitted by	Reviewed by	Approved by	Date
Cathy T. Tanaka	Shelly Del Rosario	Raul Lemus	
Sr. Personnel Analyst I	Sr. Personnel Analyst II	Chief Personnel Analyst	

REPORT OF GENERAL MANAGER

DATE July 19, 2012

BOARD OF RECREATION AND PARK COMMISSIONERS



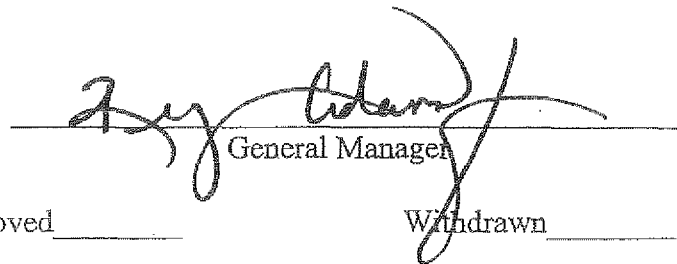
NO. 12-227

C.D. 4

SUBJECT: GRIFFITH PARK – GREEK THEATRE – FOURTH AMENDMENT TO CONCESSION AGREEMENT NO. 245

R. Adams _____
H. Fujita _____
V. Israel _____

K. Regan _____
M. Schull _____
*N. Williams NW


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Fourth Amendment to Concession Agreement No. 245, substantially in the form on file in the Board Office, between the City of Los Angeles Department of Recreation and Parks (Department) and Nederlander-Greek, Inc., for the operation and maintenance of the Greek Theatre Concession, to extend the term of the Concession Agreement from eleven (11) years to fourteen (14) years, subject to approval of the Mayor, the City Council, and the City Attorney as to form;
2. Find, in accordance with Charter Section 1022, that the Department does not have personnel available in its employ with sufficient expertise to undertake these specialized professional tasks and that it is more feasible and economical to secure these services by contract;
3. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that the use of competitive bidding, for contracts for the performance of professional, scientific, expert, technical or other special services, would be undesirable, impracticable or impossible due to the current economic climate, the downturn in the concert touring industry, including the decline in audience attendance and competition from other venues in the surrounding area, and is, therefore, not advantageous to the City until after the City first completes the pending Request for Proposal for a Consultant to Conduct a Best Business Practice Study of the Greek Theatre Concession (RFP), hires an economic consultant, and develops an RFP implementing the best business practices;
4. Direct the Board Secretary to transmit forthwith the proposed Amendment to the Mayor in accordance with Executive Directive No. 3 and, concurrently, to the City Attorney for review and approval as to form; and,
5. Authorize the Board President and Secretary to execute the Amendment upon receipt of the necessary approvals.

REPORT OF GENERAL MANAGER

PG. 2

NO. 12-227

SUMMARY:

The Greek Theatre is located at 2700 North Vermont Avenue in Griffith Park and has provided entertainment and cultural events to the public since it was officially dedicated in 1929.

Since beginning operations, the open-air amphitheatre has been host to a number of top musical acts such as Ray Charles, B. B. King, Tony Bennett, Bruce Springsteen, Sting, and Michael Bubl . The venue also hosts the annual "Bach, Rock & Shakespeare" event, which allows students from the John Marshall High School Performing Arts Academy to showcase their talent, and in 2011, began hosting "EEK! At the Greek," a Halloween-themed, family-friendly event featuring Symphony In The Glen, as well as a "Trick-or-Treat Village" in the Greek's front plaza.

The Greek Theatre Concession has been operated by Nederlander-Greek, Inc. (Concessionaire) under Concession Agreement Number 245 (Agreement) since May 21, 2002. Pollstar, the touring industry magazine and website, has awarded the Greek Theatre "Best Small Outdoor Venue" every year since 2004 and named Rena Wasserman, the General Manager for the Greek Theatre, the 2009 "Facility Director of the Year."

The Concessionaire has actively been involved with the community by maintaining a newsletter, having "Neighbor Nights" events, and hosting monthly "coffee hour" community gatherings. The Concessionaire also hosts the Greek Theatre Advisory Committee monthly meetings during the season, which begins in April and ends in October, to discuss event activities in an open forum. Comments from the public have been positive and concerns have been addressed in a prompt manner.

In 2011, the Greek Theatre generated \$20,228,755 gross receipts, paid \$1,458,709 in rent to the Department, and has consistently been the highest revenue-producing non-golf concession.

Previously, the Board approved two amendments to the original contract. Amendment No. 1 approved by the Board on April 2, 2003 (Board Report No. 03-100) amended the terms and conditions of Sections 10, 13 and 16 of the Agreement. Amendment No. 2 approved by the Board on February 16, 2005 (Board Report No. 05-49) amended Section 10 of the Agreement to change the date on which the Concessionaire was to complete the waterproofing of the seating deck from April 15, 2005 to April 15, 2006.

Amendment No. 3 was approved by the Board on February 18, 2011 and extended the term of the Agreement from ten (10) years to eleven (11) years (Board Report No. 11-058). The Agreement is set to expire on October 31, 2012.

Additional steps are needed in order to secure a qualified and experienced operator to maintain and operate the Greek Theatre Concession. The following steps in the process have been taken:

REPORT OF GENERAL MANAGER

PG. 3

NO. 12-227

On February 18, 2011, the Board approved the release of a Request for Proposals for a Consultant to Conduct a Best Business Practice Study of the Greek Theatre Concession (RFP) (Board Report No. 11-057). The RFP was released on April 11, 2011; seven proposals were received on October 25, 2011.

Staff reviewed the proposals and prepared Level I findings and with the assistance of the City Attorney determined that five proposers passed the Level I review.

Three panel members have been recruited to serve on the evaluation panel for the Level II review of the proposals. The panel is set to interview the proposers who passed Level I review in August 2012.

It is estimated that the RFP process will take another six months to complete, as the Level II evaluation is still to be completed and a consultant chosen and recommended to the Board. If the Board approves the recommendation, it will be sent to the Mayor's Office for review and approval, which can take up to eight weeks. If the Mayor's Office grants approval, the awarded consultant has up to 30 days to submit the remaining compliance documents outlined in the RFP and sign a contract with the Department.

Once the award of the contract is finalized, the chosen consultant will assist the Department in developing and administering a Request for Proposals for the Operation and Maintenance of the Greek Theatre Concession, which should take approximately one year and include time for the consultant to complete the work contracted by the Department. The Department will then need additional time to evaluate the proposals received, select an operator, and seek approval from the Board, the Mayor's Office, and the City Council. The Department will also need to prepare the Concession for the selected operator, including negotiating the terms of the next concession agreement. The entire process, including completion of the RFP for the consultant, could take up to three years.

The Department wishes to continue uninterrupted services to the public and to continue the revenue stream to the City from the operation while the processes described above are completed.

Staff recommends approval of the proposed Fourth Amendment to Concession Agreement No. 245 with Nederlander-Greek, Inc. to extend the term (until October 31, 2015) for three years while the Department completes the RFP process in order to receive the best possible proposals. The Department wishes to enter into a long-term agreement with an experienced and responsible operator, to ensure that a high level of continued service is provided to the public during the process, and to avoid a potential revenue shortfall to the Department.

Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more feasible and/or economical to contract out the service.

REPORT OF GENERAL MANAGER

PG. 4

NO. 12-227

On June 21, 2012, the Personnel Department completed a Charter Section 1022 review (Attachment A) and determined that there are no City classifications with the expertise to perform essential aspects of the work involved in operating a mid-sized entertainment venue, including the ability to: book musical and cultural acts suitable for a venue the size of the Greek Theatre; perform food and beverage service business operations, including maintenance, in multiple locations at the venue; perform marketing for a mid-sized entertainment venue; and hire and train diverse types of staff, including ushers, parking lot attendants, and security. It is, therefore, more feasible and economical to secure these services through an independent contractor.

Charter Section 371

Due to the continued slow economic environment, the downturn in the concert touring industry, including a decline in audiences, and competition in the surrounding area, a competitive bidding process to find an operator for the Greek Theatre is not advantageous to the City while we are currently completing the RFP for the consultant to assist the Department, as described in this report.

Additionally, competition from local venues such as the Nokia Theatre and the Hollywood Bowl continues to draw acts away from the Greek Theatre. While the Greek Theatre showed growth in revenue between the 2010 and 2011 seasons, business has not yet stabilized, and it is difficult to predict how the 2012 season will compare. Overall between 2007 and 2011, gross revenue declined by 18.92%, from \$24,948,267 to \$20,228,755 (Attachment B).

During the period of the contract extension, staff will identify and work with an economic consultant with music-industry experience to assist in the development of a Request for Proposals that will include input from industry experts, the community, and the Greek Theatre Advisory Committee. After the release of the Request for Proposals, the economic consultant will assist the Department in administering the process and in selecting a qualified and experienced operator for award.

FISCAL IMPACT STATEMENT:

Approval of the Amendment to extend the Agreement will guarantee that the Department continues to receive a minimum of \$1.2 million in annual rent each year from the Greek Theatre Concession, of which 90% (\$1,080,000) will go to the Department's General Fund and 10% (\$120,000) to the Concession Improvement Account. The minimum rent is \$3.6 million for three years, of which 90% (\$3,240,000) will go to the Department's General Fund and 10% (\$360,000) to the Concession Improvement Account.

Report prepared by Désirée Guzzetta, Management Analyst II, Concessions Unit, Finance Division.

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks
2. Contacts:

Department: Carol Jacobsen Phone No. 213 202-3280 Fax No. 213 202-4311

CAO: Wai Y. Lau Phone No. 213 978-1795 Fax No. 213 473-7517
3. Work to be performed:

The Department of Recreation and Parks seeks services of a contractor for the operation and maintenance of the Greek Theatre in Griffith Park. The contract includes booking entertainment, food and beverage service, marketing, parking, and traffic control.

Is this a contract renewal? Yes ☒ No ☐ (Concession Agreement Number 245)
4. Proposed length of contract: Three years
5. (Renewal) Start Date: November 1, 2013
6. Proposed cost of contract (if known): Unknown (may generate revenue)
7. Name of proposed contractor: Nederlander-Greek, Inc.
8. Unique or special qualifications required to perform the work:

The contractor must have ability to book musical and cultural acts; be knowledge of 1) food and beverage concession; 2) County Health Department rules and regulations; 3) City ordinances, rules, and regulations; 4) entertainment industry, particularly concert tours; 5) hiring and training methods of staff, including ushers, parking lot attendants, and security; and 6) other incidental skills related to operating an entertainment venue.
9. Are there City employees that can perform the work being proposed for contracting?

Yes ☐ No ☒

If yes,

 - a. Which class (es) and Department(s):
 - b. Is there sufficient Department staff available to perform the work? Yes ☐ No ☐
 - c. Is there a current eligible list for the class(es)? Yes ☐ No ☐ Expiration Date:
 - d. Estimated time to fill position(s) through CSC process?
 - e. Can the requesting department continue to employ staff hired for the project after project completion? Yes ☐ No ☐
 - f. Are there City employees currently performing of the work? Yes ☐ No ☐
10. Findings

☒ City employees DO NOT have the expertise to perform the work

☐ City employees DO have the expertise to perform the work

Check if applicable (explanation attached) and send to CAO for further analysis




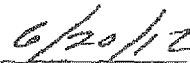
☐ Project of limited duration would have to layoff staff at end of project

☐ Time constraints require immediate staffing of project

☐ Work assignment exceeds staffing availability

SUMMARY:

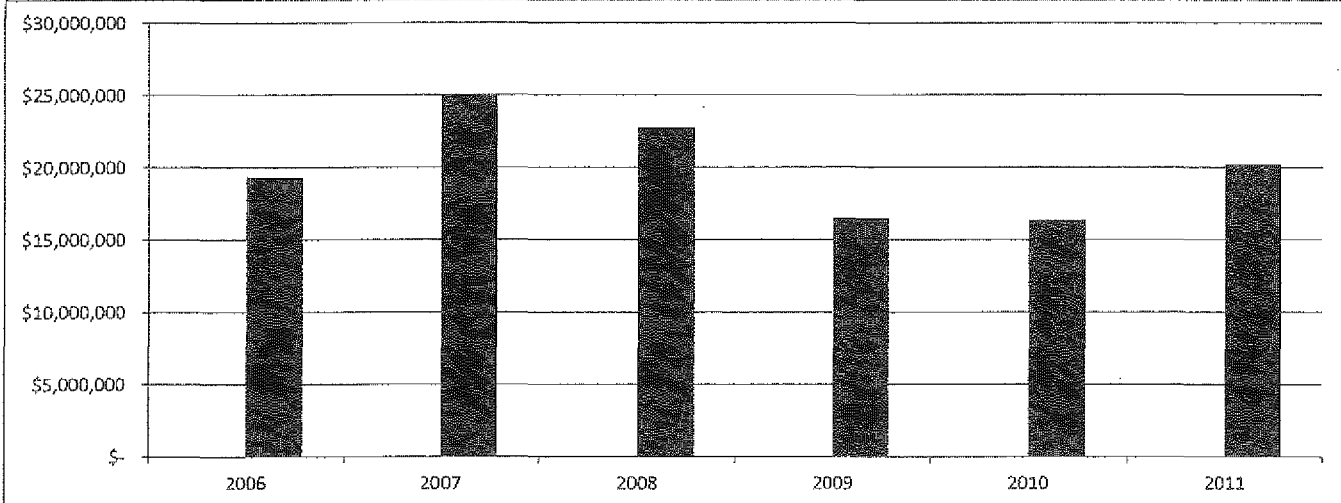
The Department of Recreation and Parks seeks to renew a contract with Nederlander-Greek, Inc. for full-service concert booking, food and beverage concessions, and maintenance of the Greek Theatre located in Griffith Park. In October 2010 a 1022 Review Report was completed. Staff identified several City classifications that could perform some of the work such as property maintenance, public relations, as well as crowd and traffic control. However, there are no City classifications that would provide comprehensive expertise in operating, maintaining, and marketing a concert venue.

			
Submitted by	Reviewed by	Approved by	Date
Cathy T. Tanaka	Shelly Del Rosario	Raul Lemus	
Sr. Personnel Analyst I	Sr. Personnel Analyst II	Chief Personnel Analyst	

THE GREEK THEATRE CONCESSION

Concession Operator: Nederlander-Greek, Inc.
 Concession Agreement No: 245
 Term of Agreement: May 21, 2002 through October 31, 2011
 No. of Extensions: None
 Council District: 4
 Minimum Annual Rent Guarantee: \$1,200,000

GROSS REVENUE	2006	2007	2008	2009	2010	2011
Gate	\$ 12,815,764	\$ 14,982,326	\$ 14,250,951	\$ 11,225,985	\$ 9,987,114	\$ 12,249,201
Parking	\$ 842,636	\$ 1,478,510	\$ 1,211,210	\$ 950,463	\$ 953,234	\$ 1,140,231
Sponsorship	\$ 720,000	\$ 814,400	\$ 739,687	\$ 131,000	\$ 281,992	\$ 665,218
Food/Beverage	\$ 2,301,033	\$ 3,757,345	\$ 2,591,989	\$ 2,125,063	\$ 2,076,510	\$ 2,476,979
Merchandise	\$ 704,675	\$ -	\$ 633,358	\$ 484,301	\$ 454,940	\$ 648,985
Other	\$ 1,959,335	\$ 3,915,686	\$ 3,323,012	\$ 1,581,901	\$ 2,597,437	\$ 3,048,141
TOTAL	\$ 19,343,443	\$ 24,948,267	\$ 22,750,207	\$ 16,498,713	\$ 16,351,227	\$ 20,228,755



RENT TO CITY	2006	2007	2008	2009	2010	2011
Gate	\$ 1,025,261	\$ 1,198,586	\$ 1,140,076	\$ 898,079	\$ 798,969	\$ 979,936
Parking	\$ 50,558	\$ 88,711	\$ 72,673	\$ 57,028	\$ 57,194	\$ 68,414
Sponsorship	\$ 43,200	\$ 48,864	\$ 44,381	\$ 7,860	\$ 16,920	\$ 39,913
Food/Beverage	\$ 138,062	\$ 225,441	\$ 155,519	\$ 127,504	\$ 124,591	\$ 148,619
Merchandise	\$ 42,281	\$ -	\$ 38,001	\$ 29,058	\$ 27,296	\$ 38,939
Other	\$ 117,560	\$ 279,442	\$ 199,381	\$ 94,914	\$ 155,846	\$ 182,888
TOTAL	\$ 1,416,922	\$ 1,841,044	\$ 1,650,031	\$ 1,214,442	\$ 1,180,816	\$ 1,458,709

